

IV. FIVE YEAR STRATEGY

January 1, 2000 through December 31, 2004

A. HOUSING AND COMMUNITY DEVELOPMENT GOALS

1. **Goal 1: Expand the availability and supply of safe, decent, affordable, and accessible rental housing for low and extremely low income individuals and families.**

a. **Analysis.** Although a majority of Michigan households own their home, not everyone can afford to purchase and maintain a home nor does everyone aspire to become a homeowner. For these households, an adequate supply of affordable and accessible rental housing is essential not only to meet their basic housing needs but also to provide them with the ability to choose the community in which they wish to live.

According to the definitions used by the Bureau of the Census, any one of the following conditions creates a "housing need":

- high cost burden (housing costs exceeding 30 percent of income);
- substandard housing (lacking adequate kitchen or bath facilities); or
- overcrowded (more than one member of the household per room).

According to data from the 1990 Census, nearly 44 percent of all renter households in Michigan surveyed reported some form of housing need. Of these households, very low-income individuals and families accounted for 80 percent of all renter households with a housing need, while other low-income and moderate-income individuals and families accounted for 15 percent and 2 percent respectively.

Throughout the state, excessive cost burden is by far the most common problem among households with housing needs. There are 740,000 low income households in Michigan with housing problems. Of these, 95 percent have a housing cost burden (costs exceeding 30 percent of their income). For 3 of the 4 types of renter households, high cost burden is the predominant housing problem; only among large renter households, particularly those with incomes above 30 percent of the median, is there a substantial incidence of some other housing problem, presumably overcrowding. For example, 26 percent of Michigan's large renter households have housing problems but only 2 percent suffer from a high cost burden. Even at the extremely low income level, at least 5 percent of the large families have a housing problem, most likely overcrowding, but do not have a high cost burden.

There is considerably more difference with respect to the incidence of housing cost burdens greater than 50 percent of income. One-quarter of all low-income households in the state pay over half of their income for housing. Although this proportion is 60 percent for very low-income households, it drops to 3 percent among other low-income households. As household income rises, the proportion with extreme housing cost burdens falls more rapidly than does the proportion with any type of housing problem. Both categories of very low-income homeowners

are less likely to face extreme cost burdens, while others with low and moderate incomes are more likely to face this problem.

For renter households, extreme cost burden occurs relatively more frequently at the lower income levels than it does among owner households. Above the 50 percent of median level, however, the opposite is true. This is, in part, a result of the fact that non-elderly, extremely low-income households have incidence of extreme cost burden that range upward from 70 percent of all of these households, compared to 38 percent of the extremely low-income elderly with cost burdens this high. At other income levels, elderly renters are at or near the top with respect to the proportion with extreme housing cost burdens. The elderly are 25 percent of all very low-income renters, but less than 10 percent of moderate-income renters.

These same general patterns prevail in the geographic sub-areas of the state. The only significant differences are in the nonmetropolitan counties where elderly rental households are even less likely to experience extreme housing cost burdens than they are in the metropolitan counties.

Based on the foregoing analysis, very low-income and extremely low-income renter households have been assigned a high priority during the next five years. Other low-income renter households have been assigned a medium priority.

b. Strategy Development. Market conditions throughout most of the state suggest that state and local housing programs during the next five years should emphasize rental assistance and rehabilitation of the existing housing stock over new construction. Rental assistance and rehabilitation will not by themselves solve Michigan's need for affordable housing, and there are a number of situations in which new construction will be the most appropriate means for developing affordable rental housing.

In high cost areas, the demand for housing is strong, and the private market is unable to serve the housing needs of those not able to exercise effective demand. New construction may also be warranted in areas where there is a lack of appropriate housing to meet identified housing needs. For example, multifamily rental housing may not exist in some markets where there is a need to meet the demand of the elderly. The construction of new housing may also be warranted as part of an overall program for economic development or neighborhood revitalization. Finally, new construction may be the most appropriate means of meeting housing need in areas that are experiencing population and economic growth, but where income levels are too low to permit the private market to provide the additional housing that is required.

Based on the foregoing analysis, rental assistance, rehabilitation, and new construction will be primary activities pursued by the state during the next five years under Goal 1.

c. Investment Plan. The state will endeavor to pursue the following programmatic resources during the next five years. The state, where feasible, may support applications for these programs and resources from eligible nonprofits and other entities when the application is not limited to such entities. However, when the state is also an eligible applicant, it may take the lead and apply directly for funding.

Program availability depends on the extent to which funds are authorized and appropriated. The five year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

i. Federal Resources. During the next year, MSHDA has allocated \$5 million of the State's HOME Investment Partnerships Program funds for the new construction of affordable rental units through MSHDA's HOME TEAM Advantage program. This program also uses tax exempt MSHDA financing at reduced interest rates and the Housing Tax Credit. Assuming constant funding of the HOME TEAM Advantage program during the next five years, the state anticipates that approximately \$25 million of its HOME program allocation will be used during FY00 through FY04 to support the development of new rental housing throughout the rural areas of the state.

MSHDA makes funding available for small scale rental projects of 1-11 units through the Office of Community Development's Housing Resource Fund. The fund includes \$8 million of HOME funding for FY00.

From FY00-FY04, the state anticipates that approximately \$15.0 million of HOME funds will be used to enhance the financing of affordable and accessible rental housing and housing designed to accommodate the physically challenged, developmentally disabled, and previously mentally ill adults. These programs are more fully described under Goal 5 because of their linkage with supportive services. Matching funds are required by the Authority for organizations located in HOME participating jurisdictions.

MSHDA anticipates that during the current fiscal year ending June 30, 2000, approximately \$120 million in tax exempt financing will be made available for rental housing through its various lending programs, resulting in the development of over 2,000 rental units. MSHDA estimates that at least 10 percent of these units will be affordable to households earning 30 percent or less of area median income, that another 20 percent of the units will be affordable to households earning 50 percent or area median income, and that another 40 percent of the units will be affordable to households with incomes at 60 percent of area median income. For the period between FY00 and FY04, MSHDA estimates that over \$500 million in tax exempt financing may be available to create more than 8,300 rental units, available to lower income households in the above-referenced ranges.

MSHDA also administers the Low Income Housing Tax Credit Program and projects to utilize approximately \$12.5 million in FY00. In addition to the rental units financed by MSHDA, the LIHTC will assist in the development of over 2,500 rental units. For the period between FY00-FY04, the Authority would expect to utilize over \$60 million in tax credits creating over 13,000 rental units.

MSHDA is a statewide housing agency with a portfolio of over 15,000 Section 8 rental assistance certificates and vouchers. In FY00, it is expected that 3,400 households will

participate in Section 8 Family Self-Sufficiency (FSS) program. Another 75 households will participate in the Family Unification Program (FUDP). Household income of eligible families must be at or below 50 percent of the area median. The FSS and FUDP programs are more fully described under Goal 5.

MSHDA received 750 Section 8 Welfare-to-Work Rental Vouchers in October, 1999. This initiative is designed to combine rental assistance with valuable services in the community that promote self-sufficiency. MSHDA will partner with community organizations to provide essential services such as tenant counseling, landlord outreach, housing search assistance, and linkages to welfare reform and welfare-to-work initiatives. It is anticipated that these new housing subsidies will help eligible families move to private rental housing near available job opportunities or child care. Starting or keeping a job can be a special challenge for welfare recipients who are unable to afford cars, or who lack access to adequate public transportation; this new initiative will be a critical tool for moving welfare recipients into work.

ii. Private Resources. In the administration of state and federal funding, the state will continue to emphasize the leveraging of other funding to maximize limited resources.

For example, MSHDA anticipates the continued availability of conventional debt financing for rental housing in conjunction with the use of the Housing Tax Credit. MSHDA will continue to make taxable debt financing available, however, in situations where private financing is not available.

To the extent possible, MSHDA will continue to leverage its interest rates by pairing new bond issues with the refunding of older, higher interest rate bond issues.

iii. State Resources. MSHDA anticipates that funding for various state and federal programs not covered by the Consolidated Plan but with substantial housing related activities will continue to be available during FY00. For example, the Michigan Family Independence Agency (FIA) administers the Family Independence Program. Although the primary emphasis of these programs is income support, such support may also include housing assistance.

iv. Geographic Distribution. All of the state's resources directed toward Goal 1 are available statewide, with no specific geographic distribution. However, the usage of these resources must meet certain criteria, including HUD's allocation by metropolitan and nonmetropolitan areas of incremental Section 8 assistance, and bond financing has been prioritized so that over 50 percent must be committed in distressed areas.

In general, the state's HOME resources are prioritized for communities not receiving a local HOME allocation. Nonprofit organizations and Community Housing Development Organizations (CHDOs) which are located in a HOME Participating Jurisdiction (PJ) must obtain a 1:1 match of local funds to access state administered HOME funding.

v. Service Delivery and Management. The state intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being addressed. The state will continue to rely on its housing finance

agency, the Michigan State Housing Development Authority, to deliver the majority of housing programs of the state, including those both federally and state funded.

MSHDA will be the major delivery mechanism for accomplishing Goal 1. The MSHDA bureaus responsible for these efforts in expanding the supply of affordable rental housing include:

Office of Community Development	Housing Resource Fund (1-11 unit projects)
Office of Multifamily Development	TEAM tax-exempt, Taxable Bond, and HOME TEAM Advantage direct lending, and Modified Pass Through tax-exempt bonds with private credit enhancement.
Office of Legal Affairs	LIHTC Allocation
Office of Existing Housing	Rental Assistance

In addition to the staff directly involved in the lending and administering of these rental housing resources, other Authority staff are involved in the ongoing management of rental housing developed by these resources. The Authority utilizes both contractual service employees and state employees to administer rental assistance throughout the state.

vi. Table of Programmatic Resources. The following table summarizes the programmatic resources that the state anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	ELIGIBLE APPLICANTS
Family Independence Program (FIP)	FIA	Provides financial assistance to families with children and the parent(s) or other caretaker with whom they are living, to help the family attain or retain the capacity for maximum self support and personal independence.	Fed/ State	Qualified families with children.
HOME TEAM Advantage	MSHDA	Provides 1 percent long term mortgages for housing developments of 12-49 units in rural areas. All units are targeted to incomes of 60 percent of area median or less.	State	Qualified nonprofits, consumer housing cooperatives, and limited dividend housing association limited partnerships.
Migrant Labor Housing Construction Grant Program	MDA	Provides grants for the improvements to and the construction of migrant housing.	State	Migrant Camp Owner.
Modified Pass Through Program	MSHDA	Provides mortgage loans for new construction or rehabilitation of rental units. Bonds are backed by credit enhancement provided by the developer.	State	Qualified nonprofit, consumer housing corporations, and limited dividend housing association limited partnerships.
Neighborhood Preservation	MSHDA	Provides financing for demolition, infrastructure, beautification and rehabilitation and/or new rental construction of 1-11 rental units or homeowner rehabilitation to revitalize targeted neighborhoods.	State	Communities with population greater than 10,000 and qualified nonprofit corporations.
Section 8 Existing Rent Allowance Program	MSHDA	Provides assistance to eligible individuals and families to pay their rent. Household income may not exceed 50 percent of area median income.	Federal	Eligibility based on income limits established by HUD.
Senior Citizen Rent Subsidy	Treasury	Provides a refundable tax credit up to \$1,200 for seniors who use over 40% of their income for rent.	State	Senior citizens.
State Disability Assistance	FIA	Provides cash assistance for disabled persons.	State	Disabled persons not eligible for TANF or SDA.

Tax Exempt Direct Lending (TEAM)	MSHDA	Provides low interest mortgages for new construction of 50 to 150 rental unit developments. At least 40% of the units must be affordable to households at 60 percent of median or less.	State	Qualified nonprofit, consumer housing cooperatives, and limited dividend housing association limited partnerships.
Taxable Bond/Low Income Housing Tax Credit (LIHTC) Program	MSHDA	Provides mortgage loans in conjunction with the 9% LIHTC for new construction or substantial rehabilitation of rental developments.	State	Qualified nonprofit, consumer housing cooperatives, and limited dividend housing association limited partnerships.

2. Goal 2: Improve and preserve the existing affordable housing stock and neighborhoods.

a. Analysis. To assure that future generations of Michigan's citizens will continue to have an adequate supply of rental housing, the preservation of the existing affordable rental housing stock is another top priority of the Michigan Consolidated Plan.

According to data from the 1990 Census, nearly 44 percent of all renter households in Michigan surveyed reported some form of housing need. Of these households, very low-income individuals and families accounted for 80 percent of all renter households with housing needs, while other low- and moderate-income individuals and families accounted for 15 percent and 2 percent respectively.

Throughout the state, excessive cost burden is by far the most common problem among households with housing needs. There are 740,000 low-income households in Michigan with housing problems.

Of these households, more than 95 percent pay more than 30 percent of their household income for housing. For most types of rental households, high cost burden is the primary housing problem, both statewide and in the sub-areas of Michigan. Among large renter households, however, overcrowding appears more likely to be a problem; while 26 percent of these households have housing problems, only 2 percent suffer from a high cost burden. Even at the extremely low income level (below 30 percent MFI), at least 5 percent of the large families have a housing problem, probably overcrowding, but do not have a high cost burden.

There is considerably more difference with respect to the incidence of housing cost burdens greater than 50 percent of income. One-quarter of all low-income households in the state pay over half of their income for housing. Although this proportion is 60 percent for very low-income households, it drops to 3 percent among other low-income households. As household income rises, the proportion with extreme housing cost burdens falls more rapidly than does the proportion with any type of housing problem. Both categories of very low-income homeowners are less likely to face extreme cost burdens, while other low and moderate income households are more likely to face this problem.

Extreme cost burden is more frequent at the lower income levels among renters than owners. Above the 50 percent of median level, however, the opposite is true. This is, in part, because non-elderly, extremely low-income households have incidence of extreme cost burden that range upward from 70 percent of all of these households. In contrast, only 38 percent of the extremely low-income elderly have cost burdens this high. At other income levels, elderly renters are at or near the top with respect to the proportion with extreme housing cost burdens. The elderly are 25 percent of all very low-income renters, but less than 10 percent of moderate income renters.

These same general patterns prevail in the geographic sub-areas of the state. The only significant differences are in the nonmetropolitan counties where elderly rental households are even less likely to experience extreme housing cost burdens than they are in the metropolitan counties.

In addition to the need for affordable rental housing, it is expected that greater pressure on the existing supply of assisted housing units over the next five years. Subsidy contracts for many of the existing assisted housing units will be expiring. Over 17,000 units are eligible for prepayment in MSHDA's portfolio alone. Many HUD insured developments are also eligible for prepayment within

the next five years. A majority of the units eligible for prepayment are located in the metropolitan areas of the state.

Based on the foregoing analysis, extremely low- and very low-income households have been assigned a high priority under Goal 2. Other low-income households have been assigned a medium priority.

b. Strategy Development. Market conditions throughout most of the state suggest that state and local housing programs should emphasize rehabilitation and preservation of the existing housing stock over new construction.

Preservation and rehabilitation will not by themselves solve Michigan's need for affordable housing, and there are a number of situations in which new construction may be the most appropriate means for developing affordable rental housing. In high cost areas, the demand for housing is strong, and the private market is unable to serve the housing needs of those not able to exercise effective demand. New construction may also be warranted in areas where there is a lack of appropriate housing to meet identified housing needs. For example, multifamily rental housing may not exist in some markets where there is a need to meet the demand of the elderly. The construction of new housing may also be warranted as part of an overall program for economic development or neighborhood revitalization. Finally, new construction may be the most appropriate means of meeting housing need in areas that are experiencing population and economic growth, but where income levels are too low to permit the private market to provide the additional housing that is required.

Based on the foregoing, rehabilitation and preservation will be primary activities pursued by the state during the next 5 years under Goal 2. New construction will be a secondary activity.

Specific MSHDA programs will continue to support the improvement of housing in Michigan communities and neighborhoods. These programs are listed below, and/or in other sections of this Plan:

- i. Neighborhood Preservation. Neighborhood Preservation funding is made available through MSHDA's Office of Community Development. This component of the Housing Resource Fund is designed to assist local efforts to comprehensively address neighborhood revitalization in geographically defined target areas. It is designed to maximize community impact by funding neighborhood improvement activities, including small scale rental (1-11 units), in support of affordable housing in a targeted residential area to reverse patterns of disinvestment. Revitalization may occur through the use of infrastructure improvement, neighborhood beautification, demolition, and/or neighborhood marketing.
- ii. Property Improvement Loans. From FY 00-FY04 MSHDA's Single Family Mortgage Division expects to make approximately \$20 million in Property Improvement Loans available to low-income homeowners in communities throughout the state. These loans are available with monthly payments and interest rates available on a sliding scale, depending on the borrowers income. These loans are targeted at homeowners whose incomes normally do not permit them to take on home improvement expenses through market-rate loans.

iii. Technical Assistance. The Michigan State Housing Development Authority instituted a comprehensive technical assistance (TA) program in FY94 to assist the affordable housing endeavors of community-based organizations. MSHDA has a variety of loan and grant programs to finance the housing efforts of these nonprofits; however, efforts to maximize the impact of these programs were hampered by the small number of stable, experienced and qualified nonprofits within the state of Michigan. The purpose of MSHDA's TA program is to assign competent intermediaries and other consultants to nonprofits in order to assist them in implementing neighborhood revitalization and administering housing loan and grant housing programs regardless of funding source.

Funding for FY00 has been established at \$1 million. In conjunction with MSHDA-funded TA, the Authority also administers a HUD-funded TA program that targets groups using HOME funds. A three year contract for \$1.3 million was awarded to MSHDA in 1999. These funds will continue to build capacity of community-based groups and in their production of quality affordable units over the next few years.

iv. HOME Rental Rehabilitation Program. MSHDA uses HOME funds to support moderate rehabilitation of affordable rental units through state recipients. Funding is offered through the Office of Community Development's Housing Resource Fund. The HRRP is designed to help a local unit of government provide funding assistance to improve investor-owned property. Rents are controlled and the rental units must remain affordable for five years.

c. **Investment Plan.** The state will endeavor to pursue the following programmatic resources during the next five years. The state, where feasible, may support applications for these programs and resources from eligible nonprofits and other entities when the application is not limited to such entities. However, when the state is also an eligible applicant, it may take the lead and apply directly for funding.

Program availability depends on the extent to which funds are authorized and appropriated. The five year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

i. Federal Resources. The state will use several federal resources leveraged with resources from MSHDA in its efforts to improve and preserve Michigan's existing affordable housing stock and neighborhoods. A portion of the state's volume cap will be used to fund Property Improvement Program (PIP) loans. This program will provide \$5 million in rehabilitation loans ranging from 1 to 8 percent for existing low-income homeowners. It is anticipated that approximately 600 homes will be rehabilitated using this resource, which does not require compliance with HQS. Currently no new bond allocation is necessary for this level of PIP activity because PIP loan repayments are generating lending capacity.

MSHDA will continue to fund the Office of Community Development's Housing Resource Fund (HRF) which provides funding for non-profits and local units of government for a variety of affordable housing and community development activities. Funding can be used for homebuyer assistance, homeless assistance, homeowner assistance, neighborhood preservation, rental development of 1-11 units,

and rental rehabilitation. The HRF will be funded at a approximately a \$10 million level in FY00. Funding is generally used to assist households at or below 80% of area median income, except for rental activities where funding is generally targeted to households at or below 60% of area median income. Homeless funding generally assists households with incomes at or below 30% of area median income.

The Michigan CDBG Program was transferred from the Michigan Department of Commerce to the Michigan Economic Development Corporation, which has contracted with MSHDA to administer the housing program. The FY00 allocation for housing is projected to be \$12 million representing about 25 percent of the state's estimated FY00 CDBG allocation. The predominant use of these funds is low-income homeowner rehabilitation. It is projected that 75 percent of the homes assisted will belong to households earning 50 percent or less of area median income; 100 percent of these units belong to households earning 80 percent or less of area median income.

The Michigan Family Independence Agency (FIA) allocates the Department of Energy funds used for weatherization of the homes of low-income households. FY00 resources are anticipated to be \$8.8 million. During FY00, it is anticipated that over 3,600 homes will be weatherized through this program. Often the weatherization funds are used in conjunction with other rehabilitation programs, such as PIP and CDBG. Approximately 86 percent of the households assisted under the weatherization program are homeowners, and approximately 14 percent of the households assisted are renters.

The state devotes a variety of resources to the preservation of housing serving very low- and low-income households. Several of these resources have specific goals such as weatherization, which may not result in properties being brought up to Housing Quality Standards (HQS). MSHDA will continue to provide low cost home improvement financing by utilizing a network of lenders and communities who participate in the program throughout the state, with a priority to households which do not meet minimum quality standards.

ii. Private Resources. In the administration of state and federal funding, the state will continue to encourage the leveraging of other funding to maximize limited resources.

For example, MSHDA will provide loans in conjunction with HRRP from a Moderate Rehabilitation Loan program funded with Authority reserves. MSHDA provides tax exempt financing to lower interest rates on PIP loans to qualified borrowers. Fees are also paid to lenders and communities from its earnings on the bond issuance. The annual cost to MSHDA of providing \$5 million of low interest home improvement loans is approximately \$75,000.

MSHDA has adopted a policy regarding the preservation of Section 8 developments it has financed. The goal of this policy is to maintain the existing subsidized housing stock financed by MSHDA as a resource for low-income households for its remaining economic life, which is expected to extend well beyond the prepayment options of these loans. This policy will have the potential for preserving in excess of 11,000 units of low-income housing into perpetuity and is expected to provide a resource for the continuation of worthwhile housing and support services delivered by nonprofit organizations.

MSHDA's Single Family offers a single family loan which combines rehabilitation funding with a mortgage loan for acquisition. The loans are offered as a tool in assuring that affordable housing is

preserved for low income use and that neighborhoods in need of revitalization have more financing resources. The loans are offered at a very affordable rate using prepayments of Single Family loans.

iii. State Resources. MSHDA anticipates that funding for various state and federal programs not covered by the Consolidated Plan but with housing related activities will continue to be available during FY00. For example, the Michigan Department of Treasury administers the Homestead Property Tax Credit and Special Assessment Deferment Program. Although these are primarily tax policies, they also make housing more affordable in the state.

iv. Geographic Distribution. The state's resources directed towards Goal 2 are available statewide with no specific geographic distribution.

v. Housing Delivery System. Effective renewal and preservation of housing stock in neighborhoods and communities statewide requires thoughtful strategic targeting of scarce resources to a competent community-based delivery system working in concert with local government.

In many communities, the cost of rehabilitating units exceeds their after-rehab value; this market factor has been the primary deterrent to continued maintenance which has led to deterioration and abandonment. In these cases, public funds have a vital and unique role; when combined with the objective of providing affordable housing, HOME funds and other grant investments can contribute to the quality of life in a deteriorating neighborhood while providing an affordable housing unit at a low effective cost. These public funds serve as an essential catalyst to "jump-start" neighborhood investment.

Even if there were sufficient funding to address all of a neighborhood's housing needs, however, HOME and other public affordable housing resources are not appropriate sole sources for neighborhood revitalization. MSHDA prioritizes funding for communities where the investment is consistent with local planning, and where community residents are competently and thoughtfully investing funds to maximize other owner investment in the community.

These strategies have uncertain outcomes and take a long time to mature. Rehabilitated units impact on a relatively small neighborhood radius. But even where housing values do not generally rise to meet rehab costs, some public benefit is achieved. Community residents are renewed and re-committed to the future of their neighborhood, and they have renewed opportunity to impact on their own destiny.

As a result, MSHDA's community development efforts will be prioritized around communities which provide workable plans for neighborhood preservation and revitalization which seem likely to maximize other owner investment. MSHDA's competitive grant-making will include these elements as criteria in its consideration of funding decisions. Likewise, MSHDA's technical assistance will be oriented toward expanding the competence of nonprofits, especially community housing development organizations (CHDOs) to implementing housing projects consistent with these goals.

vi. Service Delivery and Management. The state intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being addressed. The state will continue to rely on its housing finance agency, the

Michigan State Housing Development Authority, to deliver the majority of housing programs for the state, including those both federally and state funded.

MSHDA is the primary agent for the delivery of state resources to accomplish Goal 2, with the exception of the DOE weatherization funds, which are administered by the Michigan Family Independence Agency. To accomplish this effort, MSHDA relies on various delivery mechanisms to offer the resources on a decentralized basis throughout the state. Local units of government provide both homeowner and rental rehabilitation loans and grants funded by CDBG, HOME, and MSHDA's PIP and Mod Rehab loans, with MSHDA staff providing training and oversight. Lenders provide direct access to PIP loans. Nonprofit organizations, including Community Action Agencies (CAAs), provide weatherization and rehabilitation funds.

MSHDA divisions responsible for the various programs involved in Goal 2 include:

Office of Single Family Housing	Property Improvement Program (PIP) Acquisition/Rehabilitation Loans
Office of Community Development	Housing Resource Fund CDBG Housing Program HOME Rental Rehabilitation Program (HRRP) MSHDA Moderate Rehabilitation Loans Technical Assistance to Nonprofits
Office of Management and Reinvestment	Flexible Subsidies MSHDA Preservation Policy MSHDA Tenant Subsidies

- vii. Table of Programmatic Resources. The following table summarizes the programmatic resources that the state anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	ELIGIBLE APPLICANTS
HOME Rental Rehabilitation	MSHDA	Forgivable loans will be provided for 75 percent of rehab amount, up to \$25,000 per unit. All units must be affordable to households at 60 percent of median or less with at least 20 percent of the units affordable to households with incomes less than 50 percent of median.	Federal	Local units of government.
Home Heating Credit	Treasury	Provides a tax credit for low-income households based on income, number of exemptions, and actual home heating costs.	State/ Federal	Low-income households except ADC and GA recipients.
Homebuyer Purchase/Rehab (HPR)	MSHDA	Provides, in addition to Home Downpayment Assistance, funds for moderate rehabilitation after the low income buyer purchases the home.	Federal	Nonprofits and local units of government.
Homestead Property Tax Credits	Treasury	Provides a refundable tax credit to homeowners with high property tax burdens.	State	No limitation; however, credit varies depending on age, veteran, disability, etc.
Low-Income Home Weatherization Program	FIA	Provides assistance for eligible households for energy conservation measures.	Federal	Community Action Agencies.
MSHDA Moderate Rehabilitation Loan Program	MSHDA	Provides owner financing for the private funds required to match the RRP assistance.	State	Communities participating in Rental Rehabilitation Programs.
Michigan CDBG Program	MSHDA	CDBG funds are used by local units of government to provide loans and grants for the rehabilitation of single family and rental units serving low and moderate income households and to make neighborhood improvements.	Federal	Small cities and non-urban counties.
Neighborhood Preservation	MSHDA	Provides financing for demolition, infrastructure, beautification and rehabilitation and/or new construction of 1-11 rental units or homeowner rehabilitation to revitalize targeted neighborhoods.	State	Communities with population greater than 10,000 and qualified nonprofit or for-profit housing corporations.

Property Improvement Program (PIP)	MSHDA	Provides low interest loans to low and moderate income families for home improvements. Household income may not exceed \$43,575 annually.	State	Family income below \$43,575.
Special Assessment Deferment Program	Treasury	Permits deferral of special assessments for low-income seniors and totally and permanently disabled persons until they die or sell their home.	State	To qualify must have income under \$13,000.

3. Goal 3: Increase homeownership opportunities for individuals and families by reducing the costs of homeownership.

a. Analysis. Homeownership has been the ideal for generations of Americans and remains the dominant form of housing tenure for Michigan households. Yet, data from the U.S. Census Bureau¹ suggests that for some Michigan households, the dream of homeownership is becoming much more difficult to achieve and that for other households, the costs of homeownership are becoming more and more burdensome.

First-time homebuyer Michigan households have one of the highest rates of homeownership in the nation. In 1980, fully 72 percent of all Michigan households were homeowners. The rate of homeownership was only slightly less (71 percent) in the metropolitan areas of the State. In the rural areas, almost 79 percent of all households were homeowners.

Although Michigan generally is considered to have affordable opportunities for homeownership, the overall proportion of owner occupant households declined over the decade to 71 percent. In the metropolitan counties, the proportion of homeowners fell to just under 70 percent, and the nonmetropolitan counties saw a decline of about 2 percentage points, to 77 percent.

Many of the central cities in the metropolitan areas of the state contain a substantial supply of low priced single family housing; however, there are a number of obstacles to using these resources to increase homeownership opportunities for low- and very low-income households. First, many of these units are older and may not currently provide a quality homeownership opportunity. It remains difficult for low-income individuals and families to obtain the necessary financing for the major repairs and renovations that are frequently required for older housing.

Second, some neighborhoods in which these units are located may not provide safe and attractive environments. Poor quality of public services may also be a detriment to investing in a home in these areas.

Third, there are issues related to the ability of very low- and low-income households to qualify for the purchase of a home. Even when the price of a home is modest, the purchaser most likely will have to qualify for some type of financing. The accumulation of a down payment and closing costs is difficult for most very low- and low-income households.

Finally, some very low-income households who already own their own homes lack the resources for repairs to keep their homes safe and habitable. This situation is faced in segments of the population where homeownership is very high; senior citizens and rural families are two such groups. These very low-income households are assisted by MSHDA's property improvement loans.

Based on the foregoing analysis, existing homeowners of all categories and other low-income, first-time homebuyers have been assigned high or medium priority. Homeowners and first-time

¹"Homeownership Trends in the 1980's," Bureau of the Census, Department of Commerce, 1990.

homebuyers who are very low income (31 to 50 percent Median Family Income (MFI)) and extremely low-income (0 to 30 percent MFI) have been assigned a high priority.

b. Strategy Development. Market conditions throughout most of the state suggest that programs under Goal 3 should reduce the cost of homeownership to both potential and existing homeowners; consequently, acquisition, rehabilitation, and homebuyer assistance will be primary activities pursued by the State during the next 5 years under Goal 3. New construction will be a secondary activity.

The State has offered low-cost loans to low-income homebuyers since 1971 through MSHDA's Single Family Loan Program. MSHDA was also the first State agency in the country to offer the Mortgage Credit Certificates (MCC) as a resource to increase the affordability of homeownership. Property improvement loans are offered with interest rates on a sliding scale, depending on income. In FY00-04, MSHDA is complementing these programs with additional funding from the State's HOME Investment Partnerships allocation for downpayment assistance, making homeownership opportunities available to even lower income households.

c. Investment Plan. The state will endeavor to pursue the following programmatic resources during the next five years. The state, where feasible, may support applications for these programs and resources from eligible nonprofits and other entities when the application is not limited to such entities. However, when the state is also an eligible applicant, it may take the lead and apply directly for funding.

Program availability depends on the extent to which funds are authorized and appropriated. The five year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

i. Federal Resources. The State of Michigan allocates a major portion of its volume cap for the operation of MSHDA's Mortgage Credit Certificate (MCC) and Single Family programs. It is projected that \$80 million will be used for MCCs and \$75 million for Single Family in FY00, which is judged to be a typical year for these programs. Over five years, MSHDA expects to provide over \$375 million in Mortgage Credit Certificates, in addition to \$400 million in Single Family Mortgages. The statewide income limit for both of these programs is \$43,575. It is estimated that 80 percent of these funds will assist families with incomes less than 80 percent of the statewide median income.

The State allocated \$8 million of its estimated FY00 HOME funds for a single family acquisition/development/resale program implemented by CHDOs, nonprofits, and state recipients. The funds are made available through MSHDA's Housing Resource Fund. With these funds, local units of government and nonprofit organizations will be provided with the resources to acquire and rehabilitate or newly construct single family housing for resale to low-income households or to develop purchase strategies to help low-income families qualify for financing within 2 years. Grants and no-interest loans may be used to make units affordable to families with incomes below 30 percent of area median. Nonprofits located within a HOME PJ are required to obtain a 1:1 local match of their State HOME request.

The Housing Resource Fund also provides for down payment assistance to low income homebuyers through a separate down payment assistance component administered by local nonprofits.

ii. Private Resources. In the administration of State and federal funding, the State will continue to encourage the leveraging of other funding to maximize limited resources.

MSHDA has established a Homeownership Counseling Network as an educational service providing information on all affordable home purchase options. It was originally created in support of a partnership between MSHDA and the Federal Home Loan Mortgage Corporation (Freddie Mac) to provide lower income households with access to home mortgages, but is now being utilized in support of other Authority programs, such as the acquisition/rehab, single family and the downpayment assistance programs. MSHDA has committed \$125,000 of its resources in support of the Homeownership Counseling Network in FY00. If the federal government maintains its current support for affordable housing programs, MSHDA expects to continue to invest in homeownership counseling, providing \$625,000 from FY00-04.

iii. MSHDA's Single Family Loans and the Michigan Mortgage Credit Certificates are available statewide through participating lenders. The Homeownership Counseling Network is also available statewide. The Housing Resource Fund is available statewide.

iv. Service Delivery and Management. The State intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being address. The State will continue to rely on its housing finance agency, the Michigan State Housing Development Authority, to deliver the majority of housing programs of the state, including those both federally and State funded.

For example, MSHDA uses a network of 200 lenders to deliver its Single Family loans and 550 lenders to offer the MCC. Authority staff or contractors inspect homes prior to commitment and review all closing documents to assure income eligibility and underwriting criteria are met. The Homeownership Counseling Network covers all Michigan counties and is comprised of 70 certified counselors.

MSHDA staff in the Office of Community Development are responsible for the training and monitoring of communities and nonprofits implementing the Housing Resource Fund components.

v. Table of Programmatic Resources. The following table summarizes the programmatic resources that the State anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	ELIGIBLE APPLICANTS
Acquisition/Rehab Homeownership Program	MSHDA	Provides loans to single family households for the acquisition and rehab of existing homes. Household income may not exceed \$43,575.	State	Family income below \$43,575.
HOME Acquisition/Development/Resale	MSHDA	Grants and no-interest loans may be used to make units affordable to families with incomes below 80 percent of area median.	Federal	Community based organizations and local units of government.
HOME Downpayment Assistance	MSHDA	Provides homeownership assistance of up to \$5,000 per unit. All first-time homebuyers must have incomes of 80 percent of median or less.	Federal	Nonprofit organizations, local units of government, or lenders participating in MSHDA Single Family Mortgage Program.
Homebuyer Purchase/Rehab (HPR)	MSHDA	Provides, in addition to the Home Downpayment Assistance, funds for moderate rehabilitation after the low income buyer purchases the home.	Federal	Nonprofits and local units of government.
HOPE I, II & III	MSHDA	Provides homeownership opportunities through the use of government held properties.	Federal	Nonprofits, tenant groups.
Michigan Mortgage Credit Certificate Program	MSHDA	Provides up to 20% federal income tax credit on mortgage interest. Household income may not exceed \$43,575 annually or \$50,055 in distressed areas. Primarily for first-time home buyers.	State	Family income below \$43,575, purchase price is below \$99,000 for a new home and \$80,000 for an existing home.
Single Family Mortgage Program	MSHDA	Provides low interest rate mortgages for new and existing houses, new single section mobile homes, and some condominiums. Household income must be under \$43,575 annually for the purchase of a new home or existing home.	State	Family income below \$43,575 purchase price is below \$99,000 for a new home and \$80,000 for an existing home.

4. Goal 4: Make homeless assistance more effective and responsive to local need through local autonomy and movement toward continuum of care.

a. Analysis. The ability to accurately estimate the number of homeless has always been hampered by several factors. First, some homeless persons desire anonymity. Second, the homeless status of many persons is constantly changing. For some, homelessness is an almost permanent condition; for others it can be a temporary condition. In this instance, an individual or family may experience a single episode of homelessness in which intervention by either friends, relatives, or institutional service providers may be able to address and, consequently, eliminate the cause of the homelessness. A third and more common situation, occurs when individuals or families experience recurring episodes of homelessness. In this case, the homeless condition is temporarily eliminated, while the root cause, such as lack of employment opportunities or alcohol or drug addiction, is not addressed. Absent assistance directed to changing the fundamental cause of the homelessness, the individual or family is likely to return to the ranks of the homeless after some period of time.

Lastly, changes in external conditions may also cause significant shifts in the number of persons who are homeless. Deinstitutionalization, modification or elimination of social service support systems, natural disasters, loss of housing stock for the poor through deterioration or gentrification, or conversion and shifts in employment levels, are examples of types of external factors that can affect the number of persons who are homeless.

Based on the 1999 Statewide Continuum of Care: Gaps Analysis, the state has an unmet need of 3,361 emergency shelter beds, 8,092 transitional housing units and 7,196 permanent supportive housing units for homeless individuals. Additionally, the state has an unmet need of 8,450 emergency shelter beds, 9,949 transitional housing units and 11,579 permanent supportive housing units for homeless families.

Research in Michigan and throughout the country has found that homelessness is not as much a condition or state of being as it is a symptom of more complex and intractable problems. Even now, when some of the conditions contributing to homelessness are beginning to show signs of improving -- i.e. decreases in the unemployment rate -- there appears to be little in the way of concomitant decreases in the number of homeless persons. This is largely attributable to the fact that other elements contributing to homelessness are increasing including drug addiction, AIDS, and continued upward pressure on housing prices.

At this time it is clear that the nature of homelessness in our state is not very different than in other industrial states or that the prevailing research would suggest. Providing only for their immediate need will do little to reduce future homelessness. Many homeless persons need more than shelter, and would gratefully repay society for this investment through their increased productivity. In addition to receiving shelter, clothing, food, and medical care, homeless persons must be supported in their efforts to live more independently. This investment will have to take the form of an investment in training, counseling and direct care for longer periods of time.

MSHDA believes that local shelter and service providers know best how to meet their own needs, and that they will be better prepared to meet these needs if they work together. HUD, MSHDA, other state departments, as well as statewide advocacy organizations have been inviting communities to unite,

conduct needs assessments, analyze their strengths and weaknesses, and "frame" their continuum of care. Many localities have shown excellent progress, not the least of which are several of the largest cities in the state who have made great progress.

At the state level, the Statewide Continuum of Care planning body, the Michigan Homeless Advisory Board (MHAAB) prepared the 1999 Statewide Continuum of Care plan. In the plan, the goals for the future of homeless programming in Michigan include:

1. To encourage local continuum of care development.
2. Create incentives for homeless organizations to work with county-level Multi-Purpose Human Service Collaborative Bodies (MPCB).
3. Broaden state and local communication and coordination.
4. Increase the development of permanent supportive housing.

Given the large number of individuals and families who go in and out of homelessness every year and the need for supportive services in addition to permanent affordable housing, a high priority has been assigned to homeless individuals and families under Goal 4.

b. Strategy Development. An underlying premise of the Statewide Continuum of Care is that temporary shelter beds address the symptom and not the underlying need. In order to successfully improve the condition of the homeless and to decrease the likelihood of recurring episodes of homelessness, it is necessary to provide extensive services in conjunction with shelter. Consequently, homelessness prevention and transitional and permanent housing providing service components will be primary activities pursued by the state under Goal 4. Maintaining or expanding existing emergency shelter space will be a secondary activity.

c. Investment Plan. Homelessness is a complex problem which needs an emergency response that can best be achieved at the state and local levels. The state alone cannot eliminate homelessness, nor guarantee that everyone in need of emergency shelter assistance will receive it. But by working in partnership with the private sector, local communities, and the federal government, the state can seek to assure that programs designed to assist individuals and families are effective and responsive to local needs.

With the availability of federal funds, state agencies have responded to the needs of the homeless in a variety of ways, developing programs for the prevention of homelessness, emergency services and shelters, supportive services, and permanent housing. In addition, innovative programs, such as the Supportive Housing Demonstration, have been developed to expand the supply of affordable housing. These programs blend a variety of funding sources with the expertise and experience of state agencies, for-profit and nonprofit developers, lenders, and communities.

During FY00-FY04, the state will continue its efforts to support existing emergency shelters and service providers with funds for rehabilitation, essential services, homeless prevention, and operating expenses to maintain emergency shelter capacity adequate to meet the immediate needs of homeless individuals and families. Specifically, funds based partly on the demand for such support

will again be targeted toward those facilities which demonstrate the greatest need and capacity to efficiently utilize limited resources. At the same time, the state will actively look for ways to reduce the necessity for emergency shelter through the funding of transitional and permanent affordable housing, particularly as it relates to the linkage of housing with support services as described under Goal 5.

The state will also endeavor to pursue the following programmatic resources during the next five years. Program availability depends on the extent to which funds are authorized and appropriated. The five year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

- i. Federal Resources. The state anticipates receiving approximately \$2.7 million of Stuart B. McKinney funds through the FY00 Emergency Shelter Grant (ESG). These funds will be awarded through an allocation process to local continuum of care collaborative bodies. Up to 30 percent of their allocation can be used to fund homelessness prevention activities. If Emergency Shelter Grant funding remains constant through FY00-FY04, the State would anticipate receiving over \$13.5 million in ESG funds providing services for approximately 3,000 individuals, 1,800 families along with 500 beds.
- ii. Private Resources. In the administration of state and federal funding, the state will continue to encourage the leveraging of other funding to maximize limited resources.

The Authority has committed \$3.3 million of its resources to provide additional funding for the ESG allocation process. It is expected that at least a portion of these funds will be used for the rehabilitation needs of existing shelters. An additional \$90,000 will be used for a Critical Needs fund for critical or one-time needs. The balance of Authority funds budgeted for the homeless will be used in conjunction with state and federal resources to address Goal 5. The Authority has also pledged to match awards made through the federal supportive housing programs, should they be awarded in FY00.

- iii. Geographic Distribution. Homeless funds are available statewide and will be offered through an allocation process to be determined.
- iv. Service Delivery and Management. The state intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being addressed. The state will continue to rely on its housing finance agency, the Michigan State Housing Development Authority, to deliver the majority of housing programs of the state, including those both federally and state funded.

For example, the state's homeless shelter funding is administered by the Authority, in coordination with the Family Independence Agency(FIA), which also has funding for emergency needs available through its county offices. Michigan has a coordinating committee of the various state agencies providing services or programs to address the needs of the homeless. The committee is called the

Michigan Interagency Committee on Homelessness or MICH. An Authority staff person continues to act as the state's Homeless Coordinator and is the chair of MICH and the Michigan Homeless Assistance Advisory Board. MICH updates a brochure annually which was originally prepared by the Michigan Housing Coordinating Council and describes the state's coordinated response to homelessness and emergency needs in addition to providing a listing of agencies and phone numbers for a wide range of services including housing. A directory, updated in 1999, of all shelter providers in the state is available upon request. This directory also contains all state funded county FIA offices and community mental health offices.

The bureau at the Authority responsible for these homeless assistance programs is the Office of Community Development.

v. Table of Programmatic Resources. The following table summarizes the programmatic resources that the state anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	
Adult Education for the Homeless	MDE	Provides assistance to state education agencies providing literacy training for adult homeless individuals.	State	
Critical Needs	MSHDA	Provides funding for critical or one-time needs of a shelter such as emergency rehabilitative services.	State	
Emergency Community Services Homeless Grant (ECSHG)	MDOL	Provides follow-up and long-term service to enable the homeless to make the transition out of poverty.	Federal	Community Action Agencies.
Emergency Food & Shelter	FEMA	Provides food, shelter, and support services to homeless people, and makes basic repairs to existing shelters or feeding facilities.	Federal	
Emergency Needs for Veterans	MVTF	Provides temporary assistance to Michigan veterans including food, shelter, clothing, utilities and medical assistance.	State	
Emergency Shelter Grants Funds	MSHDA	Provides funding for physical rehabilitation of existing buildings, operating expenses for emergency shelters, homeless prevention, and essential services.	Fed/ State	
Health Services for Homeless	DHHS	Provides grants for health care delivery to homeless.	Federal	
Homeless Children and Youth	MDE	Provides funding to state education agencies to develop and implement programs for the education of homeless children.	State	
Homeless Chronically, Mentally Ill Veterans	DVA	Provides discretionary funding to VA Medical Centers to furnish treatment and rehabilitation services to eligible homeless veterans with a chronic mental illness.	Federal	

Homeless Veteran Reintegration Program	DOL	Expedites the reintegration of homeless veterans into the work force by providing job training, remedial education, basic literacy instruction, job counseling, referrals and other support services.	Federal	
Independent Living Services to Homeless and Runaway Youth	FIA	Provides services to homeless and runaway youth.	State	
Michigan Veterans Trust Fund	MVTF	Provides temporary emergency assistance grants for food, shelter, clothing, utilities, and medical assistance.	State	Honorably discharged veterans with a specified number of days active wartime service.
State Emergency Relief (SER)	FIA	Provides security deposits and first month=s rent, mortgage payments to prevent foreclosure, utility payments to prevent shutoff, and back rent to prevent homelessness.	State	Low-income households.
Veterans Domiciliary Care Medical Centers	DVA	Provides funding to convert surplus space in VA to beds for homeless veterans.	Federal	

5. Goal 5: Develop linkages between the housing and service sectors to provide greater housing opportunities for households with special needs.

a. Analysis. All citizens require housing that is safe, decent, and affordable. In addition, housing must be accessible.

The question of accessibility has a special impact on housing options for households with special needs such as the elderly, the frail elderly, persons with severe mental illnesses, the disabled, persons with AIDS, and persons with substance abuse problems. For these individuals and their families, accessibility can include availability, affordability, structural accessibility, accessibility in terms of location, and accessibility in terms of the range of supportive services that allows people to live as independently as possible.

i. Elderly persons. According to the 1990 Census, there were close to 776,000 "elderly households" in the state with owner occupants outnumbering renters by nearly 4 to 1. Some 29 percent, 223,500, of these "elderly households" were classified as having housing needs. For nearly all of these housing needy, 98 percent, the problem was one of affordability. Some 220,000 households were paying more than 30 percent of their income for housing in 1990. Close to 2 of every 5 households was devoting more than 50 percent of their income to housing. The elderly are a significant and growing proportion of the State's population. It is estimated that statewide by 1998, the number of households headed by a person 65 years or older had increased to 783,500 households.

Apart from the housing needs generally associated with very low and low income households, elderly households may also experience difficulty in maintaining their homes. A survey² conducted by the Michigan Office of Services to the Aging found that among elderly households in Michigan:

- \$ Twenty-six percent had homes are over 50 years old;
- \$ Twenty-three percent had homes with poor insulation;
- \$ Seventy-three percent were unable to make major repairs;
- \$ Fifty-two percent have difficulty with minor repairs;
- \$ Forty-two percent have trouble shoveling snow;
- \$ Thirty-five percent need help with housework;

It is highly likely these percentages have increase in the last decade. These data suggest that in addition to rental assistance or an increased supply of affordable housing, some elderly households may benefit from a range of supportive services that provide them with the opportunity to remain in their homes or apartments for as long as possible.

²"1988 Comprehensive Plan on Aging," Michigan Office of Services to the Aging, Lansing, 1990.

ii. Frail Elderly persons. The "frail elderly" are a subset of the total population of people who are elderly. They are often more in need of housing with supportive services because they have conditions associated with the aging process which impair their ability to perform instrumental or other activities associated with daily living. The instrumental activities of daily living (IADL) include such things as managing money, shopping, using the telephone, preparing meals, light housekeeping, and getting around the community. Activities of daily living (ADL) include daily hygiene, dressing, eating, tilting, and moving from a bed to a chair.

One method for estimating the proportion of people who are elderly and "frail" is age based. Most agencies that deal with persons who are elderly consider 75 the defining age for the advent of conditions associated with frailty. In estimates using this method, every person aged 75 or older is considered frail. Applying this methodology to the state of Michigan would yield a estimated 1998 population of people who are frail elderly numbering 360,000 households; an increase of 21.2 percent from 1990.

There are currently a number of facilities that can serve the needs of the frail elderly. Licensed nursing homes in the state can accommodate just under 47,000 persons. About three-quarters of the beds are located in metropolitan areas, while one-quarter are in the nonmetropolitan areas of the state. Keweenaw County is the only county without a nursing home facility.

Homes for the Aged are a less intensive service facility offering room, board, and personal care for persons over the age of 60 years. Homes for the Aged in the state can accommodate 10,000 persons who are elderly and in need of personal care services. Just under 1,000 Home for the Aged beds are located in nonmetropolitan counties. There are Home for the Aged facilities in only 41 counties in the state. Three metropolitan counties, Lapeer, Eaton, and Monroe, have no Home for the Aged facilities. Thirty-nine of the 58 nonmetropolitan counties have no Home for the Aged facilities.

The Michigan Family Independence Agency manages the cases of some 9,100 adults in foster care facilities across the state. It is estimated that 40 percent, or approximately 3,600 are "geriatric clients."

Some private sector facilities have also been developed in recent years to serve persons who are elderly and in need of services. Because these facilities are not licensed, there is no reliable source of information on the size of the supply. Some are congregate facilities with meals and services included in the rent. The 1990 Census asked respondents to indicate whether the cost of meals was included in their rent. About 7,700 households in the state reported living in a such a situation. Over 95 percent of the households reporting meals included in the rent lived in metropolitan counties. In fact, over half (54 percent) lived in either Wayne, Oakland, or Macomb Counties.

Other facilities serving people who are elderly have meals and services available but do not include the cost in the rent. In these instances "elderly householders" may participate in the service package on an ala carte basis, often in response to current needs. It is not possible to quantify the number of units that are available, but it is reasonable to assume that, like congregate housing and other specialized facilities, they are concentrated in the metropolitan areas.

Some people who are frail and elderly are assisted in their own homes. This includes persons receiving Home Help Services through FIA or Meals on Wheels.

iii. Persons with serious mental illness. The research indicates that at any one time 10 percent of the population experiences an emotional illness or disturbance. This estimate yields a potential adult population of over 600,000 persons in the state. This estimate includes persons whose distress does not interfere with the activities of daily living, stress for example, to persons who are determined to be dangerous to themselves or others.

Persons with serious mental illness are generally of low income with over 56% with incomes below \$10,000. CMHSP=s indicated about 2,000 persons as residing in a homeless shelter or without permanent housing. Additional supportive housing as well as affordable housing is needed.

iv. Persons with developmental disabilities. The Michigan Developmental Disabilities Council (DDC) is organizationally housed in MDCH and is an advocacy group for the community of people with developmental disabilities. It advises the Governor and state agencies, negotiates with state agencies on behalf of its constituency, and builds capacity among public and private sector service providers. In these roles, it is a repository of information on the community of people with developmental disabilities.

According to DDC estimates that were derived from federal studies by Boggs and Henry and Gollay, as well as an analysis of prevalence rates, indicate there are between 150,000 and 176,000 non-institutionalized developmentally disabled persons -- persons with mental retardation, cerebral palsy, autism or epilepsy -- in the state. Between 100,000 and 125,000 are adults. It is estimated that 10 to 12 percent of the adults are 65 years of age or older.

Since 1970 the number of persons with developmental disabilities living in state centers has declined dramatically from 12,500 persons to less than 300 statewide.

Some persons with developmental disabilities who currently reside in specialized, or ~~A~~dependent@ residential settings are capable of living more independently if suitable housing and supportive services were to be available.

Affordability and the assurance of support services is a major problem in securing independent housing to meet the needs of the people with developmental disabilities. Most are not employed, either full or part-time. Over 75 percent of CMHSP consumers with developmental disabilities have below \$10,000 per year and only about 8% are employed full time.

In addition to the issue of affordability, however, there is also the need for housing that is both physically adequate and accessible so as to accommodate limitations imposed by the specific disability. The vulnerability of people with disabilities makes safety factors of the neighborhood in which the housing is located of particular importance as well.

v. Persons with acquired disabilities. An accepted estimate of the total number of persons with acquired handicaps in the state is based on the incidence of persons with such characteristics among the general population of the United States. It is estimated tat non-institutionalized persons with physical handicaps who have some degree of activity limitation account for 18.2 percent of the total

U.S. population. Use of this percentage would indicate that in 1998 there were over 1 million persons with physical disabilities in Michigan.

Of these persons who experience some degree of limitation, a little over one-quarter are unable to perform their major activity. This represents approximately 250,000 persons statewide. Orthopedic impairments are the major cause of activity limitations among the non-elderly. Two out of every 5 respondents with an acquired disability indicated at a Consumer Response Initiative Forum held in Michigan that they were in need of architectural modifications in their living setting.

The Census does provide some data on the number of persons among the working age population with a disability that affects their ability to work. While it can in no way be considered accurate to assume that a disability that affects the ability of a person to work translates into a disability that affects the ability of a person to live independently, there is at least some value in noting a disability that has the potential to limit performance in the work place among the general population. The presence of a work disability is likely to result in a decreased earning potential that would have an impact on the ability of the person to find affordable housing.

According to the Census data, in 1990 the civilian non-institutionalized population of the state between the ages of 16 and 64 was just under 6 million. Of this sub-group 9 percent, about 533,000 persons, identified themselves as having a work disability. Four out of 5 of the persons with a work disability lived in a metropolitan county. By definition, a work disability is not a temporary condition, but rather is a health condition which has persisted for 6 months or more and has limited the kind or amount of work that the person can do. The term health condition includes both mental and physical conditions.

In addition to disabilities that interfered with the ability to work, the Census asked persons 16 to 64 if they had a medical condition that interfered with mobility or caused a self-care impairment. Just under 134,000 persons indicated that they had a medical condition that affected mobility. About 1 in 7 of these persons lived in nonmetropolitan areas. Some 185,000 persons indicated the presence of a health condition that impaired their ability to perform some activity of daily living. About 13 percent of these lived in nonmetropolitan counties.

Another way to measure the number of persons who have a handicap that prevents them from securing affordable housing for independent living is to examine the number of persons who receive Supplemental Security Insurance (SSI) benefits because of a disability. SSI is available to persons who do not otherwise qualify for Social Security benefits. Because of the restrictions imposed on participation in the program, recipients of SSI have limited incomes, as well as limitations on assets. In order to receive SSI assistance based on disability, a person must be unable to secure substantial, gainful employment. That is, they are unable to find and maintain employment that will allow them to earn more than \$500 a month. Their disability must also be considered permanent and not temporary. The receipt of benefits requires that a person be disabled for at least a year. While it is presumed that these persons are capable of living independently, the modest amount of the grant could be indicative of a housing need based on the criterion of affordability.

vi. Persons with substance abuse problems. State estimates of the prevalence of substance abuse indicates that as many as one in nine (1.1 million) persons statewide may have a problem with legal or illicit substances. In 1998, the State recorded some 87,000 admissions to substance abuse

treatment programs. For those admitted, alcohol is the drug of choice, accounting for over half (53 percent) the total. Cocaine use, including crack cocaine was second with 18 percent, followed closely by marijuana/hashish users at 16 percent of the total admissions. Nine percent of those admitted for treatment reported heroin as their primary reason for their need for treatment. Other drugs, such as opiates, prescription drugs, hallucinogens and amphetamines each accounted for two percent or less of the total admissions.

vii. Persons with HIV/AIDS and related diseases. The 1998 Epidemiologic Profile of HIV/AIDS in Michigan, prepared by the Michigan Department of Community Health, estimates that there are 8,777 people living with HIV/AIDS in the state. This prevalence (total living cases, old and new combined) has been stable, however the 36% drop in HIV related mortality in 1996 requires that these estimates be re-evaluated. If HIV incidence (new cases) does not decrease then prevalence will increase since more infected persons are living longer.

Currently, persons with AIDS have lived in all but 3 counties in the state compared to 5 years ago when 8 of the 83 counties had no reported cases of AIDS. The 3 counties with no reported cases of AIDS are all nonmetropolitan counties. The 12 counties of Wayne (including Detroit), Oakland, Kent, Ingham, Genesee, Washtenaw, Kalamazoo, Berrien, Calhoun, Jackson, Allegan and Van Buren all have rates of HIV/AIDS above half of the highest county rate. These 12 counties are referred to as high prevalence counties.

These high prevalence counties account for 56 percent of Michigan's population, but 86 percent of all HIV/AIDS cases. The 71 low prevalence counties account for 44 percent of the population, but just 14 percent of cases. Of the total number of persons with reported cases of AIDS, 85 percent are males. 54 percent are non-Hispanic blacks, while some 42 percent are non-Hispanic whites. Persons of Hispanic origin accounted for only 3 percent of the reported cases. Some 43 percent of all of the persons with reported cases of AIDS were between the ages of 30 and 39 when the report was made. 18 percent were between the ages of 20 and 29 and another 24 percent were between 40 and 49 years of age. Only 2 percent were under the age of 20.

Research suggests that individuals with AIDS and HIV need a continuum of care to meet their housing needs including (1) independent living with and without support services that are long term, (2) emergency shelters that are short term, (3) independent living with ongoing assistance including rental assistance and housekeeping, (4) congregate supportive living where residents are capable of most self-care, (5) congregate supervised living (often critical for drug treatment on a short term basis, or long term assisted living for persons with vision or ambulation problems, and some emotional/mental disorders and weakness), (6) critical care with 24 hours nursing home supervision, (7) step-down units where patients are medically stable but need sub-acute medical care and 24 hour supervision, and (8) hospice care.

Given the large need for supportive services in addition to permanent affordable housing, a high priority has been assigned to homeless individuals and families under Goal 5.

b. Strategy Development. The preceding analysis suggests that state and local programs should assist special needs populations, such as the elderly, and must emphasize persons with disabilities and substance abuse problems. For these individuals and their families, accessibility can include availability, affordability, structural accessibility, accessibility in terms of location, and

accessibility in terms of the range of supportive services that allows people to live as independently as possible.

The state will endeavor to pursue the following programmatic resources during FY00. The state, where feasible, may support applications for these programs and resources from eligible nonprofits and other entities when the application is not limited to such entities. However, when the state is also an eligible applicant, it may take the lead and apply directly for funding.

Program availability, however, depends on the extent to which funds are appropriated, and individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

In addition to these programmatic resources, there are a number of facilities and services in the state for people with disabilities, developmental disabilities as well as acquired disabilities, and mental illnesses including:

- § Independent Living Services. A Michigan Family Independence Agency (FIA) program to restore or maintain independent living for people who are aged, blind, or have disabilities and receive SSI or Medicaid. Services are provided in the home setting. Services to people with physical disabilities is a part of this program which provides for the purchase of home modifications and assistive devices.
- § Adult Community Placement. A Michigan Family Independence Agency (FIA) services program that helps persons who have functional impairments to access services that will allow them to live in residential settings other than their own homes. These residential facilities may include adult foster care, Homes for the Aged, and nursing homes.
- § Adult Foster Care (ARC). Consumer and Industry Services (CIS) licenses, inspects, and provides oversight of adult foster care facilities for people who are aged and persons with developmental disabilities, physical disabilities, and mental illnesses. More than 4,300 facilities serve a population of some 31,000 residents.
- § Centers for Persons with Developmental Disabilities. There are two MDCH state operated centers which provide services to persons with the most severe level of disabilities; less than 300 persons are currently living in these centers.
- § State Psychiatric Hospitals. There are four adult psychiatric hospitals for persons with mental illness with a census of under 1,000 in September, 1999.
- § General Nursing Homes. Privately owned nursing facilities are sometimes home to persons with developmental disabilities who also have physical impairments. About 2,000 persons with mental retardation and other physical disabilities are estimated to be living in nursing home facilities.
- § Specialized Residential Smallgroup Home Programs. All CMHSP=s administer programs which provide housing along with support services including in-home services for persons with

mental illness and/or developmental disabilities. These are all licensed AFC homes and many are also certified as specialized service providers. In FY 97, over 20,000 persons resided in these settings; an additional 3,389 persons received services in semi-independent residential/support programs. With appropriate supports, many of these persons are capable and desire permanent, non-group home living arrangements.

c. Investment Plan. The question of accessibility has a special impact on housing options for households with special needs such as the elderly, the homeless, and people with disabilities. For these individuals and their families, accessibility can include availability, affordability, structural accessibility, accessibility in terms of location, and accessibility in terms of the range of supportive services that allow people to live as independently as possible.

The state has substantially enhanced its coordination of resources in order to accomplish this goal, including the creation of an Interagency Standing Committee on Housing. This committee is chaired by the Director of the Authority and is comprised of the Directors of the Departments of Community Health, Family Independence Agency, and the Office of Services to the Aging.

The Michigan Team is another example of coordination efforts at the state level. The Michigan Team consists of MDCH and MSHDA executive staff, consumer representatives, nonprofit housing and service provider representatives and agency staff responsible for program implementation for housing and services for people with mental illness, substance abuse, disabilities, and/or homelessness. It was formed through mutual participation at a 1997 conference sponsored by the NASMHPD (National Association of State Mental Health Program Directors). The group's purpose was originally to follow through on goals established at the conference. It has continued to move beyond the original goals and undertake mutual projects that will further the ability of low income mental health consumers and people with disabilities to access and maintain affordable housing with appropriate support services. The group meets bimonthly or more often as needed.

The state will endeavor to pursue the following programmatic resources during the next five years. The state, where feasible, may support applications for these programs and resources from eligible nonprofits and other entities when the application is not limited to such entities. However, when the state is also an eligible applicant, it may take the lead and apply directly for funding.

Program availability depends on the extent to which funds are authorized and appropriated. The five year projections contained in this report are simple estimates that assume a constant funding level for federal housing programs. Where appropriate, the state has provided specific budget information and goals based on funds available during the current fiscal year, and as more information becomes available regarding the structure and the funding levels of federal housing programs, the State will revise and update its five year projections to the extent required by the consolidated plan process.

i. Federal Resources. MSHDA administers approximately 2,000 Section 8 Rental Certificates and Vouchers under HUD's Family Self-Sufficiency (FSS) program. The certificates and vouchers will provide rental assistance to families participating in comprehensive job training, educational, or other necessary services to lessen their dependence on public assistance. This interim rental assistance is linking housing assistance with supportive services while addressing extensive waiting lists for Section 8 assistance, with homeless households as a first priority within the constraints of the lists.

In 1992 the State was selected to participate in HUD's Family Unification Demonstration Program (FUDP) which uses Section 8 Rental Assistance to preserve families in jeopardy of dissolution or reunite families in the foster care system. Approximately 75 vouchers are dedicated to this program. MSHDA works with the local FIA offices to identify families in need of such assistance. Families assisted through this program will be limited to households earning 50 percent or less of area median income.

MSHDA received 200 Section 8 Certificates/Vouchers in Fiscal Year 1998 (100 Oakland County; 50 Allegan County; and 50 Kalamazoo County) and has applied for an additional 100 Vouchers in Fiscal Year 1999 (50 Kalamazoo County and 50 Ottawa County) under HUD=s Mainstream Housing Opportunities for Persons with Disabilities Program (i.e., Mainstream Program). This program provides rental vouchers to enable persons with disabilities to rent affordable private housing of their choice. MSHDA has partnered with Community Mental Health agencies to assist individuals gain access to supportive services available within the community, identify public and private funding sources to assist participants cover the costs of modifications that need to be made to their units as a reasonable accommodation; provide technical assistance to owners for making reasonable accommodations or making units accessible.

It is the state's intent to apply, or encourage and support the application by eligible applicants, for any transitional or permanent housing for the handicapped homeless or persons with AIDS or any successor McKinney programs which will expand the resources available to shelter individuals and families on a more semi-permanent or permanent basis.

Michigan's HOME Investment Partnership Program has allocated significant HOME funds for programs that develop linkages to assist persons requiring additional accommodation and/or supportive services, especially homeless individuals, families in transition, and persons with disabilities. These programs include:

The Supportive Housing Demonstration. MSHDA has allocated \$3.8 million of Michigan=s estimated FY00 HOME allocation to the Supportive Housing Demonstration to provide financing for supportive housing developments that serve persons with disabilities. Approximately 150 units of supportive housing will be developed with these funds.

§ MI HOME (More Independence through HOME). MSHDA has allocated \$800,000 of Michigan's estimated FY00 HOME allocation to the MI HOME program, which provides grants to nonprofits developing 1 to 4 unit rental projects to provide permanent rental housing for persons with disabilities. It is projected that this allocation will support the development of approximately 20units. The MI HOME program combines appropriately designed and affordable rental units with necessary support services in independent living situations.

§ HOME Choice. The HomeChoice program grew out of initial efforts by the Michigan Home Ownership Coalition beginning in 1995 to develop a pilot mortgage lending program in southeast Michigan for people with disabilities who do not meet traditional underwriting criteria. The Coalition includes people with disabilities and their advocates, local service providing agencies, service funders, banks, nonprofit housing agencies, and state agencies, including MSHDA and MDCH.

Borrowers receive mortgages through local banks. Nonprofit service providers often assist borrowers in preparing for home ownership and selecting property to purchase. Fannie Mae purchases HomeChoice loans which are made by participating lenders. MSHDA provides down payment assistance. Support services are available through local service providers, often funded through resources originating with the Department of Community Health. MSHDA has allocated \$200,000 of FY00 HOME funds for downpayment assistance for people with disabilities participating in this program.

- ii. Private Resources. In the administration of state and federal funding, the state will continue to encourage the leveraging of other funding to maximize limited resources.

MSHDA has also committed to spend approximately \$3.3 million of its own reserves during FY00 for housing programs that provide for the acquisition, rehabilitation, or new construction of housing for the homeless. A limited amount of this funding may be available for the expansion or improvement of shelters, but FY00 resources are priority for proposals that seek to provide more permanent solutions to homelessness. If current levels of federal appropriations for affordable housing are maintained, MSHDA expects to be able to continue to provide reserves for permanent housing for homeless individuals. Projections beyond FY00 are difficult to estimate, given the current uncertainty in federal appropriations. All of these units are likely to assist households with incomes of 30 percent or less of area median income.

- iii. State Resources. The Department of Community Health again received a federal grant under the McKinney funded PATH Program for \$688,000. This will be matched by state funds. These projects serve persons who are homeless and mentally ill by providing outreach and engagement, immediate housing support during crisis, case management services, and linkage to mental health and support services. A portion of the state funds is available through the MDCH Housing Assistance Fund to community mental health programs which do not have a PATH Project in their area, to provide funds for immediate housing of eligible individuals in their area. FY00 funding for the PATH and the Housing Assistance Fund totals \$1.4 million with an additional local contribution of \$.6 million.

- iv. Geographic Distribution. The resources to address Goal 5 are generally available on a statewide basis, with the exception of the FSS and FUDP rental assistance programs which are only available in selected target areas. The funding of HOME assisted projects in communities which receive direct HOME funding are subject to a 1:1 match of the state's HOME funds by the local jurisdiction, except the MI HOME program which does not require a local match.

- v. Service Delivery and Management. The state intends to continue its current method of distributing resources through a variety of mechanisms, each best suited to the funding source or particular need being addressed. The state will continue to rely on its housing finance agency, the Michigan State Housing Development Authority, to deliver the majority of housing programs of the state, including those both federally and state funded.

The coordination of the state's resources to address Goal 5 have been enhanced by the regular meetings of the Interagency Standing Committee on Housing, MICH and MHAAB, and the Michigan Team. The Authority is the primary housing delivery mechanism for the various resources, but is working in close cooperation with the Michigan Department of Community Health in its administration of the Shelter Plus Care program and in the Supportive Housing Demonstration. Notices of the

availability of additional federal resources in FY00 will be reviewed by the standing committee to determine the appropriate state agency to apply.

The various MSHDA bureaus responsible for the implementation of the other programs identified in the investment plan are:

Office of Existing Housing in conjunction with FIA	Family Self-Sufficiency Family Unification Mainstream Housing
Office of Multifamily Development in conjunction with FIA and MDCH	MI HOME Supportive Housing Demonstration HOME Choice

vi. Table of Programmatic Resources. The following table summarizes the programmatic resources that the state anticipates will be available to address the need for affordable housing. Program availability, however, depends on the extent to which funds are appropriated. Additionally, individual programs may be mandated to provide services to a particular population and may have eligibility criteria. Therefore, not every individual and family in need of assistance will be eligible for all programs.

PROGRAM	AGENCY	PROGRAM DESCRIPTION	TYPE	ELIGIBLE APPLICANTS
Family Self-Sufficiency Program	HUD	Provides rental assistance to families participating in comprehensive job training, education, or other necessary services to lessen their dependence on public housing.	Federal	Qualified people on waiting list for Section 8 Assistance and homeless households will have priority.
Family Unification Demonstration Program (FUDP)	HUD	Uses Section 8 Rental Assistance to preserve families in jeopardy of dissolution or reuniting families in the foster care system because of housing factors.	Federal	Qualified households earning 30% or less of area median income.
HOME CHOICE	MSHDA	Provides downpayment assistance to persons with disabilities in the purchase of a home.	Federal	Income eligible persons with disabilities.
Mainstream Housing Opportunities for Persons with Disabilities	MSHDA	Targets 200 Section 8 certificates/vouchers to four Supportive Housing Demonstration sites to provide rental vouchers to enable persons with disabilities to rent affordable private housing of their choice.	Federal	Income eligible persons with disabilities.
MI-HOME	MSHDA	Provides financing for 1-4 unit developments for persons with disabilities.	Fed/ State	Nonprofit organizations.
PATH	MDCH	Provides assistance for outreach case management, mental health and substance abuse treatment and supportive housing for the homeless mentally ill.	State	
Shared Housing	MDCH/ OSA	Provides transitional housing for older persons where at least two unrelated persons share common areas but maintain separate sleeping and bath areas.	State	
Shelter Advisors	MDCH/ OSA	Employs older workers to provide localized information about services for energy assistance, housing, home safety and repair, chore services, legal assistance, visiting nurses and transportation.	State	Advisors must be at least 55 and be low income, and recipients of assistance can be any senior.

Shelter Plus Care	MDCH	Linkages between housing and service sectors.	Federal	
Supportive Housing Demonstration	CSH/ MSHDA/ MDCH	Is designed to respond to the pressing housing needs of homeless persons with supportive services needs. Builds the capacity of nonprofit organizations in four demonstration sites to develop and operate supportive housing.	State/ Federal	Nonprofit organizations.
Supportive Housing Program	HUD	Provides permanent and transitional housing assistance in developing community-based, long-term housing and supportive services for projects housing not more than eight handicapped people who are homeless and at risk of becoming homeless.	Federal	Shelters, Nonprofits, and PHA=s.
Transitional and Permanent Housing	MSHDA	Development, expansion, and continual operation of transitional and permanent housing programs.	State	

6. Goal 6: Establish a suitable living environment and expand economic opportunities for low and moderate income people through economic and infrastructure development.

In response to priority community and economic development needs, the Michigan Consolidation Plan supports the overall goals of community development and planning programs by directing resource toward establishing a suitable living environment and expanding economic opportunities for low and moderate income people. Based on these overall goals, the state has identified a long term programmatic objective and strategy for community development and economic development.

a. Long Term Objective and Strategy: Enhance economic development efforts in Michigan=s small communities through assistance to private business in creating and retaining jobs for Michigan workers. This long term objective is meant to support the efforts of counties, cities, villages, and townships in providing direct and indirect assistance to for-profit private business firms in starting up, locating, or expanding in small communities. This is accomplished through grants for public infrastructure, job training efforts serving private business firms, and loans to private business firms tied to economic development activities. This objective also lends support for economic development planning efforts when such efforts are likely to result in the creation and/or retention of jobs in the private business sector. In all cases, at least 51 percent of the jobs will be held by or made available to low and moderate income persons at time of hire.

Under the Annual Action Plan, an Economic Development Infrastructure Program, Economic Development Loan Program, and Economic Development Planning Program are proposed. It is anticipated that some 50 economic development grants will be funded annually under these various programs resulting in the creation or retention of 2,000 jobs.

b. Short Term Objectives:

- Expand and refine the provision of specialized technical assistance to eligible general purpose local governments.
- Strengthen the capacity of local governments to identify and develop project proposals, apply for grant funds, and effectively administer and implement approved grant projects.
- Work to ensure the timely obligation of grant funds to communities and assist communities to implement and complete approved projects in a timely manner.
- Provide assistance and work to ensure that communities comply with program requirements.
- Encourage eligible communities to participate in the program especially those communities that have not previously received funds.

B. RELEVANT PUBLIC POLICIES, COURT ORDERS, AND HUD SANCTIONS

1. Relevant Public Policies

In the late 1980's, both the Michigan Senate and the House of Representatives released studies³ which indicated that many governmental regulations regarding the production and preservation of safe, sanitary, and affordable housing were actually working contrary to that goal.

There are several reasons why such regulatory barriers were formed. Some are the result of the passage of time and the advent of new technologies, which have made certain regulations obsolete. Some are due to local efforts to keep out certain types of housing, while others are due to the increasingly complex bureaucratic system this nation has developed over the course of the twentieth century. Regardless of the reason for their formation, regulatory barriers to affordable housing must be eliminated if government is to effectively ameliorate the housing needs of our state.

This report will describe some of the more serious regulatory barriers facing affordable housing in Michigan.

a. Zoning. Many local zoning ordinances serve valid public purposes. When properly used, they help promote health, safety, and welfare by ensuring that contiguous plots of land are used for compatible purposes. For example, zoning can insulate peaceful residential areas from the noise, congestion, and harmful emissions of business and industrial districts.

However, localities may use their zoning authority to protect parochial interests at the expense of affordable housing. Some communities practice zoning policies intended to increase local tax revenues, permitting only expensive new homes or highly taxable businesses. Communities frequently use their zoning power to impede the introduction of lower income units including mobile homes in their area, often due to fear of reduced property values or simple prejudice against the "undesirable" lower income people who will reside in those units. Other communities want to discourage growth of any kind, preferring instead to maintain the status quo. Several specific zoning policies can be identified which act as serious barriers to affordable housing:

- i. Excessive Lot Size. Some communities require that new homes be constructed on unnecessarily large plots of land. Obviously, the larger the lot, the greater the price -- low to moderate income prospective homebuyers usually cannot afford the extra expense of excessive land costs.
- ii. Exclusion of Certain Types of Housing. Communities often eliminate affordable housing options by disallowing some of the most affordable types of homes such as mobile homes. Some communities do not allow accessory apartments on single family homes. In most cases, there is no

³"Housing in Michigan: Low Income and Senior Citizen Families in Crisis," State Human Resources and Senior Citizen Committee, Lansing, 1988, and "Report of the Ad Hoc Special Committee to Study Housing Conditions in the State of Michigan," Michigan House of Representatives, Lansing, 1987.

real health or safety goal being promoted by these ordinances -- communities are inappropriately using their zoning power to keep out housing types they find unappealing.

iii. **Excessive Infrastructure.** Some localities impose infrastructure requirements which unnecessarily inflate the cost of the housing units. The Michigan Senate Report on Housing states that excessive infrastructure requirements like unnecessarily wide streets, overspecified sidewalks, and expensive storm sewer systems often inflate the cost of housing without providing commensurate benefit to the individual or the community.

b. **Building Codes.** Although there is a definite need for some minimum requirements and specifications for new construction to ensure the health and safety of inhabitants, excessive restrictions may unnecessarily raise the cost of house, making it unaffordable for low, very low, and moderate income households. Also, newer technology has rendered some requirements of the building code obsolete.

In addition to updating its new construction building code, the state also needs to consider the creation of a separate building code for existing structures. Preservation of existing affordable housing is an essential component of the state's affordability strategy, yet many existing affordable units are lost because they fail to meet building code standards. In order to use these units, owners must rehabilitate them to standards under the 1990 code. For older homes, this can mean expensive and perhaps unnecessary electrical and plumbing work. Faced with such requirements, owners of these units regularly choose not to renovate, finding it more financially sound to simply let it go. Cities such as Ypsilanti, Ann Arbor, and others have experimented with a more relaxed code for rehabilitation of existing structures, and have found it to work very well. Michigan should look into developing a statewide existing housing code which will ensure occupant safety without requiring owners to bring the units up to new construction standards.

c. **Building Permits.** Delays in construction due to redundant, overlapping permitting and approval processes can cause projects to go over budget -- a situation which impacts negatively on affordability for the future owners or renters of that property. Streamlining the permitting process to make it as fast and efficient as possible will enable developers to produce units at a lower cost; the competition inherent in the free market should ensure that those savings are passed on to the housing consumer.

d. **Tax Reverted Properties.** Every year, hundreds of housing units - mainly in Michigan's urban centers - are forfeited to local governmental units due to non-payment of taxes or other fees. These units could help remedy the lack of affordable housing in large cities; however, the process of converting a tax-delinquent property into available new housing stock often takes too long to be effective. When left uninhabited and untended for a long period of time, minor repairs needed on a home can become major problems which render the house uninhabitable.

e. **Regulatory Paperwork.** As pointed out in the HUD report on regulatory barriers, excessive and redundant paperwork can cause housing projects to be delayed, increasing the cost of the units. While the Federal Office of Management and Budget (OMB) has been effective in streamlining paperwork required to be submitted to federal agencies, it lacks jurisdiction over federally mandated paperwork and forms which are maintained in the work place. Michigan joins the HUD committee in

commending that Congress grant OMB the authority to regulate non-submitted paperwork in addition to their current responsibilities.

2. Strategy to Address Negative Effects

Although it will not conduct a separate study during the next five years to identify additional barriers beyond those contained in this report, the state will continue its efforts to reduce barriers to affordable housing on a program by program basis. For example, the Consolidated Plan states that certain tax reverted properties could be used by the state to address its affordable housing needs; however, upon further examination, concerns regarding liability for environmental contamination and the quality of title have placed this initiative on hold until the Authority has identified the actions that will be necessary to go forward with this initiative.

Real progress has been made in other areas:

- § **Property tax reform.** Most notably, in 1994 the Michigan Legislature restructured the state's mechanism for financing public schools. As a result, residential property taxes have been significantly reduced and their rate of growth has been limited for current owner-occupants.
- § **Historic preservation.** HUD regulations require that properties rehabilitated with HOME funding comply with current historic preservation laws; to streamline this process, the Authority has worked with the Michigan Historical Society to develop a simple review procedure that will meet the HUD requirement while assuring that the property will remain affordable.
- § **Regulatory improvement in the HOME program.** MSHDA staff met with HUD officials and consultants in November 1994 to provide input on HUD's upcoming 7th Interim HOME Rule. MSHDA input was specifically directed at HOME-assisted homebuyer programs, especially problems implementing HOME's resale requirements in distressed neighborhoods and the duplicate inspection and excessive affordability periods required for FHA-insured HOME projects.
- § **Regulatory waivers for Empowerment Zones.** The HOME issues listed immediately above were included in the waivers requested in the recently approved designation of an Empowerment Zone in the City of Detroit. MSHDA and the City of Detroit anticipate HUD's speedy approval of these requests.

The state does not intend to conduct a study of the barriers to affordable housing at this time; however, the state will continue its efforts to reduce regulating barriers to affordable housing as part of its normal program development and review process.

§ Court Orders and HUD Sanctions

There are no court orders or HUD sanctions which may have a detrimental effect on affordable housing in Michigan.

C. INSTITUTIONAL STRUCTURE AND INTERGOVERNMENTAL COOPERATION

1. Description

a. Public Institutions

- **Michigan Department of Civil Rights.** This state agency is responsible for investigating complaints filed on the basis of discrimination by sex, race, religion, handicapped status, etc. Housing discrimination cases are a priority within the Department of Civil Rights.
- **Michigan Department of Consumer & Industry Services, Securities & Land Division.** A state consumer agency, this section of the Department of Consumer & Industry Services publishes both the condominium buyers and mobile home buyers and residents handbook regarding the law that governs condominium and mobile home developments in Michigan.
- **Michigan Department of Consumer & Industry Services, Financial Institutions Bureau.** The Financial Institutions Bureau regulates banks and other financial institutions in the state and investigates complaints of violations of the Civil Rights and Equal Credit Opportunity Acts by these institutions.
- **Michigan Family Independence Agency, Financial Assistance Programs.** The FIA administers the Family Independence Program, an income assistance program. Targeted to low income families and seniors, this state agency also administers federal weatherization money through the local Community Action Agency program. It is responsible for monitoring performance and developing guidelines for the programs such as weatherization.
- **Michigan Department of Natural Resources.** The Michigan Department of Natural Resources is the state agency responsible for administering all tax delinquent property reverted to the state.
- **Michigan Department of Community Health.** The MDCH was created by Executive Order 1996-1 and consolidated the Departments of Public Health (including substance abuse services), Mental Health and the Medical Services Administration (Medicaid program). Subsequent Executive Orders transferred the Crime Victims Services Commission and the Office of Drug Control Policy as well. Through the mental health and substance abuse services component of MDCH, a network of local community mental health services programs and substance abuse services through local coordinating agencies are administered through contractual arrangements.

MDCH also houses the Office of Services to the Aging (OSA), the designated state agency on aging under the Older Americans Act which advocates for the elderly, performs research on their needs, and develops and oversees services for older adults statewide. In addition to housing, program areas include but are not limited to senior centers, nutrition, legal services, long term care ombudsman and care management.

- **Michigan Department of Treasury.** The state financial agency that acts as the administering agency for both the Home Heating and Homestead Tax Credit. Such tax credits are offered to meet the needs of senior citizens and low income households.
- **Michigan State Housing Development Authority.** A housing finance agency which has many programs for low and moderate income people. Multifamily housing finance, single-family housing finance, and community development programs are part of the services which MSHDA provides. MSHDA specifically provides low-interest mortgage loans for new construction or rehabilitation, and administers federal income tax credits on mortgage interest, federal rental assistance, funds for improved neighborhood housing, and funds for homeless shelters.
- **Michigan State Police, Fire Marshal.** A public safety agency that serves the general public by administering and enforcing the fire safety code. It also provides information on fire safety and prevention for homeowners and renters.
- **Mobile Home Commission.** A public housing agency helping mobile home owners and residents by investigating complaints against mobile home dealerships, parks, and manufacturers. The agency regulates parks, licenses, permits, and publishes a handbook on the laws which govern mobile home parks and residents in Michigan.

b. Intermediaries. Intermediaries are not-for-profit groups whose role is the nurturing of new public-private partnerships and the promotion of networking on the local, state, and national scene.

The usefulness of intermediaries is limited by their lack of exposure to the nonprofit housing development community. Once introduced to the community, the intermediaries can facilitate business participation by screening projects, assembling other funding partners, providing technical assistance, and spreading out the investment risks. The creation of a delivery system that will provide introductions for nonprofit housing developers to the intermediaries is critical. The strategy proposed includes the centralization of housing funding resources and will provide a referral and networking capability.

i. National Intermediaries. The 3 most prominent intermediary players nationally are the Local Initiatives Support Corporation (LISC), Neighborhood Housing Services, and the Enterprise Foundation. These 3 intermediaries have played active roles in the development and coordination of partnerships. They have also provided grants, loans, and technical assistance that enabled the partnerships to utilize other sources of funding. LISC, through its National Equity Fund, has provided access for several nonprofits to a pool of corporate investments through the Low Income Housing Tax Credit.

In addition, Fannie Mae, the Federal Home Loan Bank, and Freddie Mac have all introduced low and moderate income housing initiatives. These initiatives offer a variety of financing options that allow the use of grants, interest reduction, tax credit, and subsidy to achieve affordable housing for rental and sale. The Development Training Institute functions not only as an educational development entity but also provides a networking and sharing experience for nonprofit housing developers.

ii. State and Local Intermediaries. State and local intermediaries provide assistance to emerging organizations throughout the state. For example, the Michigan Housing Coalition offers a networking system to nonprofit organizations interested in housing and sponsors a variety of training and coordinating activities.

In the larger urban areas of the state, notably Detroit, local intermediaries are active. The Detroit Neighborhood Investment Corporation and the Detroit Economic Growth Corporation both were created by the business community in Detroit to foster economic and housing development. The Detroit Economic Growth Corporation created Neighborhood Economic Development Strategies (NEDS) for 5 community organizations in Detroit. NEDS is a coordinated strategic planning process for each community with an ongoing implementation component.

c. **Statewide nonprofit organizations and networks.**

- **Michigan Housing Trust Fund.** The Michigan Housing Trust Fund is a private, nonprofit corporation created to aid in the production of affordable housing through loans and technical assistance.
- **Michigan Capital Fund for Housing.** The Michigan Capital Fund for Housing is a non-profit housing corporation that was formed in 1993 to raise and invest equity in affordable housing that is targeted to all or part of the following preferences: development in distressed areas, developments with non-profit ownership, projects less than 50 units, and projects that serve special needs populations.
- **Michigan Community Development Directors Association.** Michigan Community Development Directors Association (MCDDA) meets regularly and has over 114 participating members and an active housing committee.
- **Michigan Coalition Against Domestic Violence.** The Michigan Coalition Against Domestic Violence is a private coalition that is responsible for policy reform on housing related issues for victims of domestic violence. It provides technical assistance and a resource library available to the victims.
- **Michigan Coalition of Shelter Providers.** The Michigan Coalition of Shelter Providers is a private agency which acts as a network of emergency shelter providers throughout the state. The Coalition serves not only shelter providers but the general public as well and is responsible for providing additional resources to new shelters and staff.
- **Michigan Community Action Agency Association.** The Michigan Community Action Agency Association acts as a liaison between the legislature and local community action programs (CAP). It is also responsible for providing educational resources to the local CAPs so that they can better serve those in the community who have special needs.
- **Michigan Habitat for Humanity.** A nonprofit agency which receives most of its funding from individuals, churches, corporations, and other organizations in order to benefit low income families and first time homeowners. As a Christian housing ministry, its goal is to eliminate poverty housing by building new houses.

- **Michigan Housing Coalition.** A nonprofit housing coalition which serves the general public by providing advocacy for statewide housing issues. It also monitors housing programs and policies while acting as a resource network for organizations, individuals, and civic groups who assist with housing work. MHC offers a networking system to help nonprofit organizations interested in housing projects and sponsors training activities.
- **Michigan Legal Services.** A nonprofit legal agency, Michigan Legal Services provides legal assistance to low income individuals and families in the areas of housing, health, family, food and nutrition, and employment law.
- **Michigan Migrant Legal Assistance Project.** A nonprofit agency which provide legal assistance to migrant workers, including cases of housing discrimination.
- **Michigan Small Cities Association.** The Michigan Small Cities Association (MSCA) was formed in 1996 as a voluntary, grass roots organization of communities either receiving or eligible for CDBG or HOME funds from the State. MSCA became affiliated with the Michigan Community Development Directors Association (MCDDA) in 1998. The purpose of MSCA is to provide networking and training opportunities to its members and to work closely with funding organizations.
- **Sexual Assault Information Network of Michigan.** A public social service agency aimed at helping battered women and their children find shelter through the publication of its statewide directory. It also serves the needs of victims of domestics violence by providing information on various services available.
- **Michigan Community Economic Development Coalition.** A private organization which helps local community development groups by holding seminars and conferences on community development issues. It also aids local community development groups and provides technical assistance for organization and planning which will foster better economic conditions in the community.
- **Michigan Consumer's Council.** A private group, the Michigan Consumer's Council provides counseling to the general public regarding a variety of housing problems. It is also responsible for providing legislative analyses on housing and consumer issues as well as legislation.
- **Community Economic Development Association of Michigan.** The Community Economic Development Association of Michigan (CEDAM) is a private, nonprofit voluntary association of community development corporations (CDCs) and other members interested in expanding community based housing and economic development in Michigan. It has over 100 organizational members.
- **Michigan Economics for Human Development.** Aimed at migrant workers and their families, this private financial agency operates housing developments for the elderly, handicapped, and farm workers as well as providing housing subsidies. This agency is also

- responsible for weatherization programs, the presentation of education workshops, and the provision of emergency assistance around the state.
- **Michigan Protection and Advocacy Service.** A private mental health agency that assists individuals with developmental disabilities and mental illness. The agency focuses on the needs of individuals with severe and chronic mental or physical handicaps by providing information, education, and legal assistance.

d. Private Industry.

§ **Michigan Housing Council.** The Michigan Housing Council (MHC) is a membership organization of housing development professionals including attorneys, architects, management agents, builders, and developers involved in the production of low and moderate income housing. The Council was primarily formed to encourage legislative action sympathetic to the development of affordable housing for the residents of Michigan. MHC has worked closely with the Michigan State Housing Development Authority in developing and refining new programs and making existing programs more responsive to the needs of the low income housing development community.

e. Local Communities. The state works cooperatively with local jurisdictions to address local housing needs. Through a variety of federal and state programs, local units of government can provide homeowner rehabilitation assistance, rental rehabilitation, and targeted neighborhood revitalization.

i. CDBG Housing. Communities which are eligible under the Small Cities Community Development Block Grant program apply to the state for 2 year grants to administer housing rehabilitation programs which benefit low and moderate income households. Many communities use the CDBG funds in conjunction with resources such as the Farmers Home Administration, a local community action agency, the Michigan Department of Social Services, or private funds to assure the maximum benefit and the broadest coverage of these federal funds. Communities which are entitled to receive CDBG funds directly from HUD are also major delivery mechanisms for housing rehabilitation and other programs that have a direct impact on the housing needs of low and moderate income households.

ii. HOME Rental Rehabilitation. Michigan communities can apply to the state's Housing Resource Fund through MSHDA's Office of Community Development for funding to improve investor owner properties. Many of the communities utilize MSHDA's Moderate Rehabilitation loan program in conjunction with their HRRP funds to address the rehabilitation needs of the rental stock serving low and moderate income households.

iii. Community Home Improvement Program. Over 150 communities are actively assisting in the processing of low-cost home improvement loans for low income households through CHIP. These communities assist homeowners to determine needed repairs, obtain a contractor, complete loan application forms, and often provide principal reductions to make the improvements more affordable.

iv. Neighborhood Preservation. Neighborhood Preservation funding is made available through MSHDA's Office of Community Development. This component of the Housing Resource Fund is

designed to assist local efforts to comprehensively address neighborhood revitalization in geographically defined target areas. It is designed to maximize community impact by funding neighborhood improvement activities, including small scale rental (1-11 units), in support of affordable housing in a targeted residential area to reverse patterns of disinvestment. Revitalization may occur through the use of infrastructure improvement, neighborhood beautification, demolition, and/or neighborhood marketing.

v. Public Housing Authorities. There are 124 local Public Housing Commissions in the state that provide low income housing options through public housing or rental assistance to tenants of privately owned rental housing.

vi. Regional Planning Commissions. The state is divided into 14 regional planning areas, which are served by commissions. In addition to planning responsibilities, several of these commissions also provide technical assistance in the application for and administration of housing funds. This function is particularly useful in rural areas where local units of government often lack the staff or administrative capacity to operate housing programs.

2. Overcoming Gaps

a. **Assessment.** Presently, 11 state agencies administer over 50 different housing related programs; yet, despite their number, the types of assistance provided are relatively few in number. Each program, however, shares a common goal of reducing the cost of housing to the renter or owner occupant. The types of housing assistance provided through the state include:

- § **Rental assistance programs** provide direct assistance or assistance in locating affordable housing to individuals and families to meet their immediate need for housing.
- § **Interest rate subsidies**, such as those provided by the Michigan State Housing Development Authority through the sale of tax-exempt bonds, offer below market interest rates for homeownership, home improvements, and the new construction or rehabilitation of rental housing through the sale of tax-exempt bonds.
- § **Tax Subsidies**, such as the Homestead Property Tax Credit, the Low Income Tax Credit, or the Home Heating Tax Credit, help to ease the cost of housing for both owners and renters.
- § **Grant and loan programs**, like those offered by the Michigan State Housing Development Authority, provide direct assistance to nonprofit developers working to improve their neighborhoods.

The existing institutional structure for the development of affordable housing in Michigan is a loosely knit network of governmental agencies, nonprofit community organizations, and private sector representatives that are fully capable of meeting the goals of the Michigan Consolidated Plan strategy.

The strengths of these institutions, collectively and separately, outweigh any weakness they may have. There are, however, a number of areas which must be strengthened during the next year to

assure that the affordable housing delivery system within the entitled areas remains as strong as it needs to be to respond to present and future housing needs.

First, there must be greater coordination and cooperation among state agencies in developing solutions to Michigan's need for affordable housing. For example, the work of the Michigan Housing Coordinating Council demonstrated in 1991 that several state agencies administer energy assistance programs or perform similar administrative functions using separate staffs to perform those duties. State agencies need to work more closely with each other to understand how programs and administrative functions may overlap and to recommend changes that will not only make programs more efficient but that may also increase the amount of funding for program activities by reducing administrative overhead.

Second, there must be greater coordination and communication between state agencies, nonprofit community organizations, and the private sector. During the last 5 years, financial institutions, private for-profit developers, and nonprofit organizations have taken an active role in developing affordable housing opportunities in their communities and have much to contribute in developing solutions to the state's need for affordable housing.

Lastly, there must be a greater recognition of the role that nonprofit housing developers can play in developing affordable housing opportunities for extremely low income individuals and families, and efforts must be made to strengthen the capacity of such organizations and to encourage their development where they do not already exist.

b. Strategy to Overcome Gaps. The state has substantially enhanced its coordination of resources with the creation of an Interagency Committee on Housing. This committee is comprised of the Directors of the Departments of Community Health, Family Independence Agency, and staff from the Office of Services to the Aging, and is chaired by the Executive Director of the Michigan State Housing Development Authority. The committee meets on a regular basis and has smaller working groups studying the homeless, family self-sufficiency, the Consolidated Plan, and interagency cooperation. It is anticipated that the Interagency Committee on Housing and its various working groups will continue to meet through the next 5 years.

The state will also continue to work to assure that there is greater coordination and communication between state agencies, nonprofit community organizations, and the private sector. During the last year, the Authority has developed a variety of informational resources providing technical assistance for the Michigan HOME program. Additionally, the Authority has conducted a number of workshops regarding state and federal housing programs. It is anticipated that such efforts will continue during the next five years.

Lastly, the state will continue its effort to recognize the role that nonprofit housing developers can play in developing affordable housing opportunities and to strengthen the capacity of such organizations and to encourage their development where they do not already exist.

D. LOW INCOME HOUSING TAX CREDIT

MSHDA administers both the Low-Income Housing Tax Credit (LIHTC) and the HOME Investment Partnership program. Section III of this report details those areas in which the Authority has to integrated the LIHTC with other Authority programs to meet the housing needs reflected in the Michigan Consolidated Plan. Additionally, MSHDA assisted in the development of the Michigan Capital Fund for Housing, a fully formed equity fund in Michigan. In utilizing the LIHTC, the equity fund will enhance development of affordable housing in Michigan and further the goals of the Michigan Consolidated Plan during the next 5 years.

E. PUBLIC HOUSING

1. Management Initiatives

The state does not own or operate public housing in Michigan; consequently, no initiatives are planned in this area during this fiscal year.

2. Homeownership

Although the state does not own or operate public housing in Michigan, the state is actively working to study and promote resident initiatives through the work of the Michigan State Housing Development Authority.

3. Troubled Public Housing Authorities

Although the state does not own or operate public housing in Michigan, the state will work collaboratively with those public housing authorities who are 1) located in non-entitled areas of the state and 2) are determined to be troubled by the U.S. Department of Housing and Urban Development. Local, troubled public housing authorities may apply for the Michigan State Housing Development Authority's financial and technical assistance programs through its regular funding cycles. Proposals meeting the eligibility criteria will be given every consideration for funding.

In FY00, the Inkster Public Housing Authority has been determined to be troubled by HUD and is located in a non-entitled area of the state. The Inkster Public Housing Authority will be provided with a consultation with MSHDA staff to determine which MSHDA programs could best provide assistance to improve its operations and further, will be provided assistance upon making a successful application for the identified program(s).

F. MONITORING STANDARDS AND PROCEDURES

Every effort will be made to ensure that all units remain affordable and in compliance with the law for at least the full term required by the Act. It is anticipated that many of the units will remain affordable for perpetuity, especially to the extent that they are owned by nonprofit developers.

Monitoring will occur in several different ways. Although, the state will be responsible for managing the day-to-day operations of its HOME program, local governments who operate such programs as rental rehabilitation, homesteading, and Nehemiah type programs while using HOME funds will be required to monitor these projects in accordance with HOME rules and regulations.

Quarterly reporting of program accomplishments will be required as will specific program milestones such as environmental clearance, audit, and close-out.

At least annually, the activities of all local governments, owners and others who participate in the HOME program will be reviewed by the state to assess compliance with the HOME program. The review will include a review of all books and records and on-site inspections to ensure that all units remain affordable, comply with local housing codes, housing quality standards, and income recertification requirements.

Most of the programs addressed by the Consolidated Plan are currently monitored through the various funding mechanisms already in place and often mandated by federal laws and regulations. The time frames for these programs are also similarly determined by the funding sources and market demand. Progress reports on these programs will be obtained regularly for review and will be reviewed on at least a quarterly basis to determine if further program promotion, technical assistance, or program restructuring are necessary to assure successful implementation.

G. ANTIPOVERTY STRATEGY

During the past 5 years, MSHDA has worked with the Michigan Family Independence Agency and the Michigan Department of Community Health to restructure linkages between the affordable housing social, and supportive service sectors. In addition to these programs, in June 1992 Governor John Engler announced a welfare reform initiative intended to ensure the well-being of Michigan's children and families. The plan is called "To strengthen Michigan Families" and consists of 21 separate initiatives. The initiatives are based on 4 fundamental values: encouraging employment, targeting support, increasing personal responsibility, and involving communities. Since that time, these initiatives have been addressed through changes in programs, securing of federal waivers, and/or implementing legislation. These efforts are reflected in the narrative discussion of Goals in Section IV. These efforts will continue over the next five years.

H. COORDINATION EFFORTS

A major priority of the Michigan Consolidated Plan is to enhance the coordination between public and assisted housing providers and private and governmental health, mental health, and service agencies. In fact, Goal 5 of the Plan is to develop linkages between the housing and service sectors to provide greater housing opportunities to special needs populations.

For a complete discussion of the state's coordination efforts, please see the narrative discussion of Goal 5 in Section IV.